

TRANSPORTATION FUNDING STRUCTURE - FREIGHT

Iowa Freight Advisory Council

June 26, 2015



Summary

- State funding for highways
 - Distribution to cities/counties/DOT
 - DOT funding (operations budget vs. construction)
 - Funding increase and implementation - SF 257
- Other freight funding

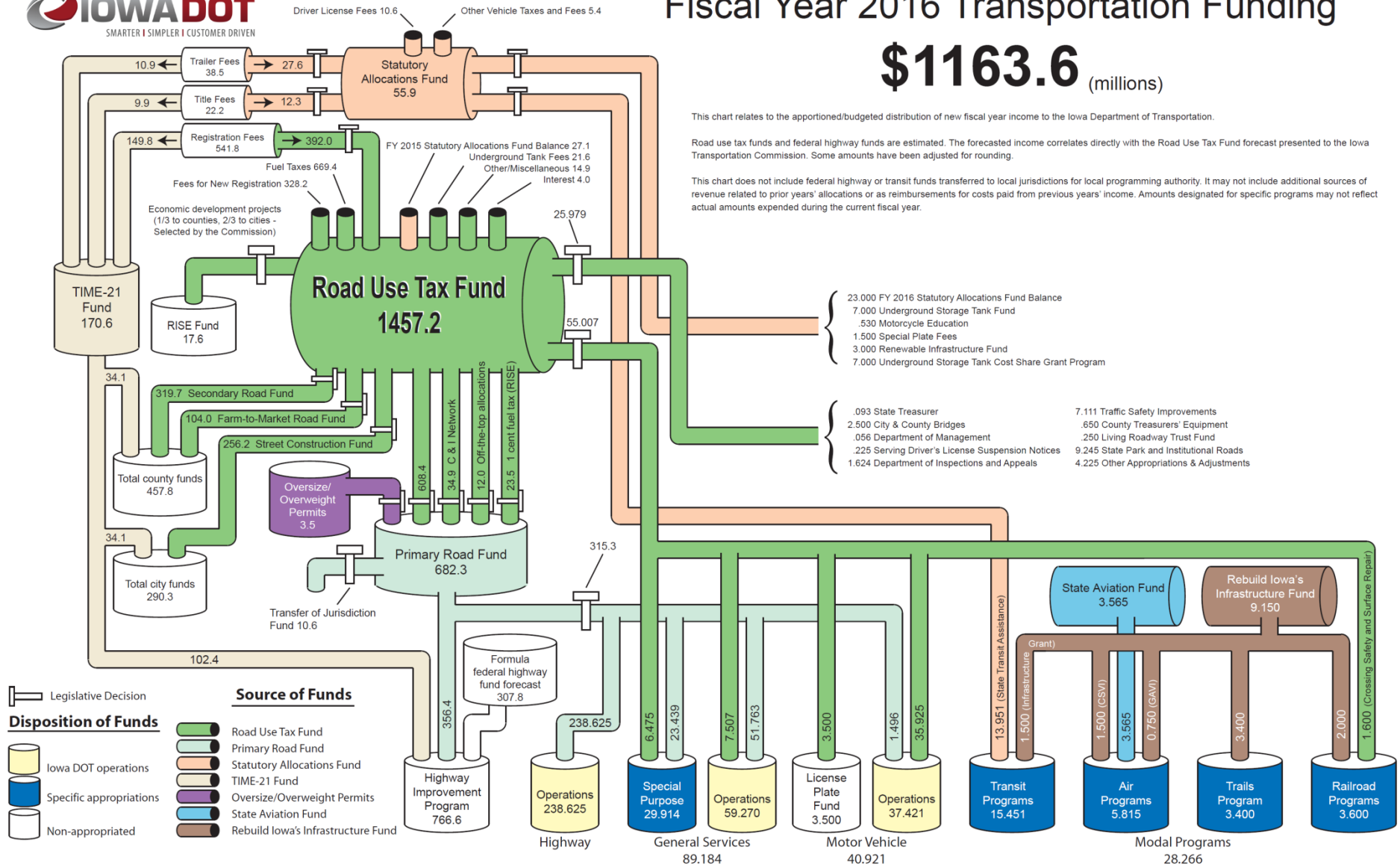
Fiscal Year 2016 Transportation Funding

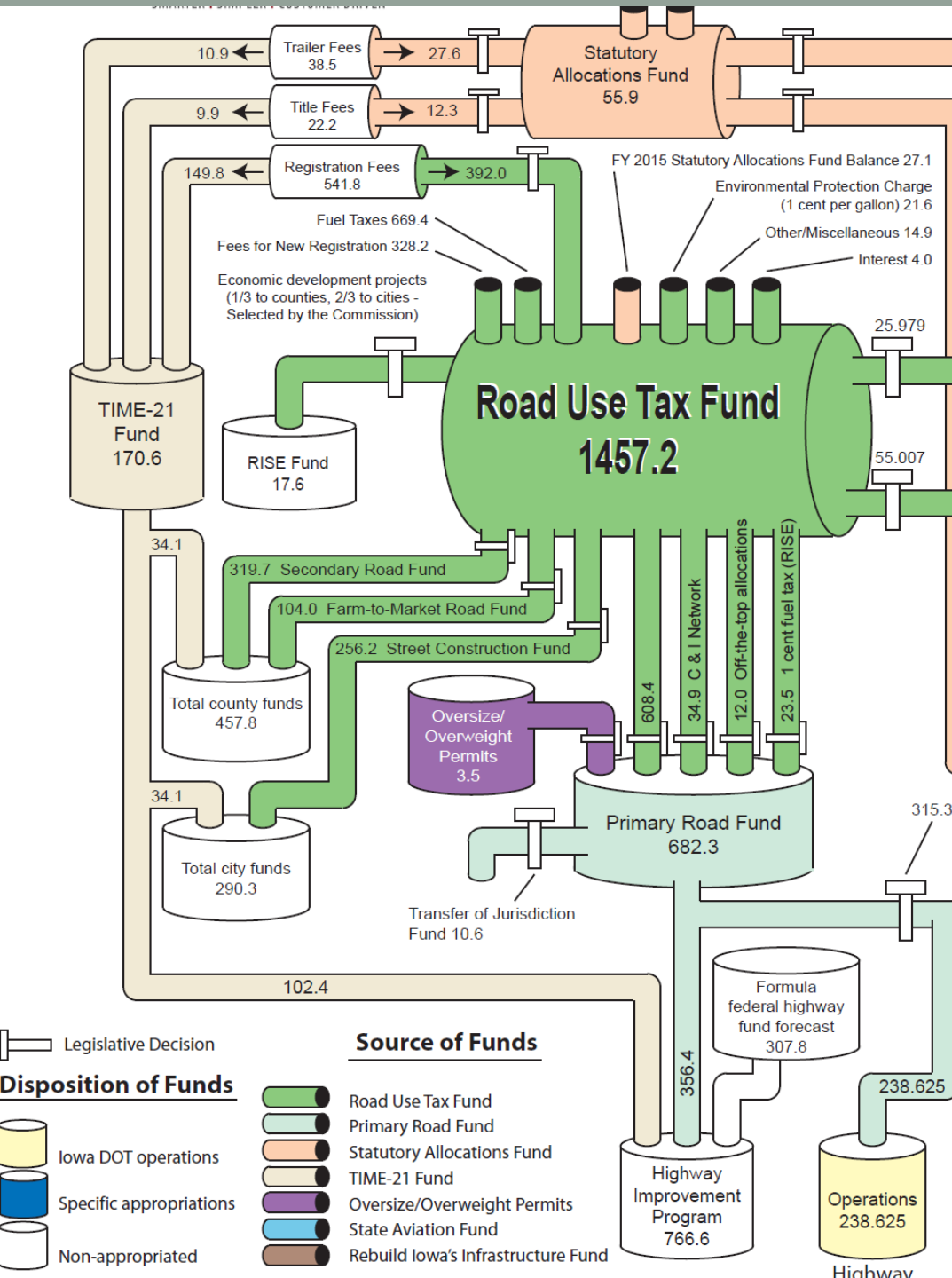
\$1163.6 (millions)

This chart relates to the apportioned/budgeted distribution of new fiscal year income to the Iowa Department of Transportation.

Road use tax funds and federal highway funds are estimated. The forecasted income correlates directly with the Road Use Tax Fund forecast presented to the Iowa Transportation Commission. Some amounts have been adjusted for rounding.

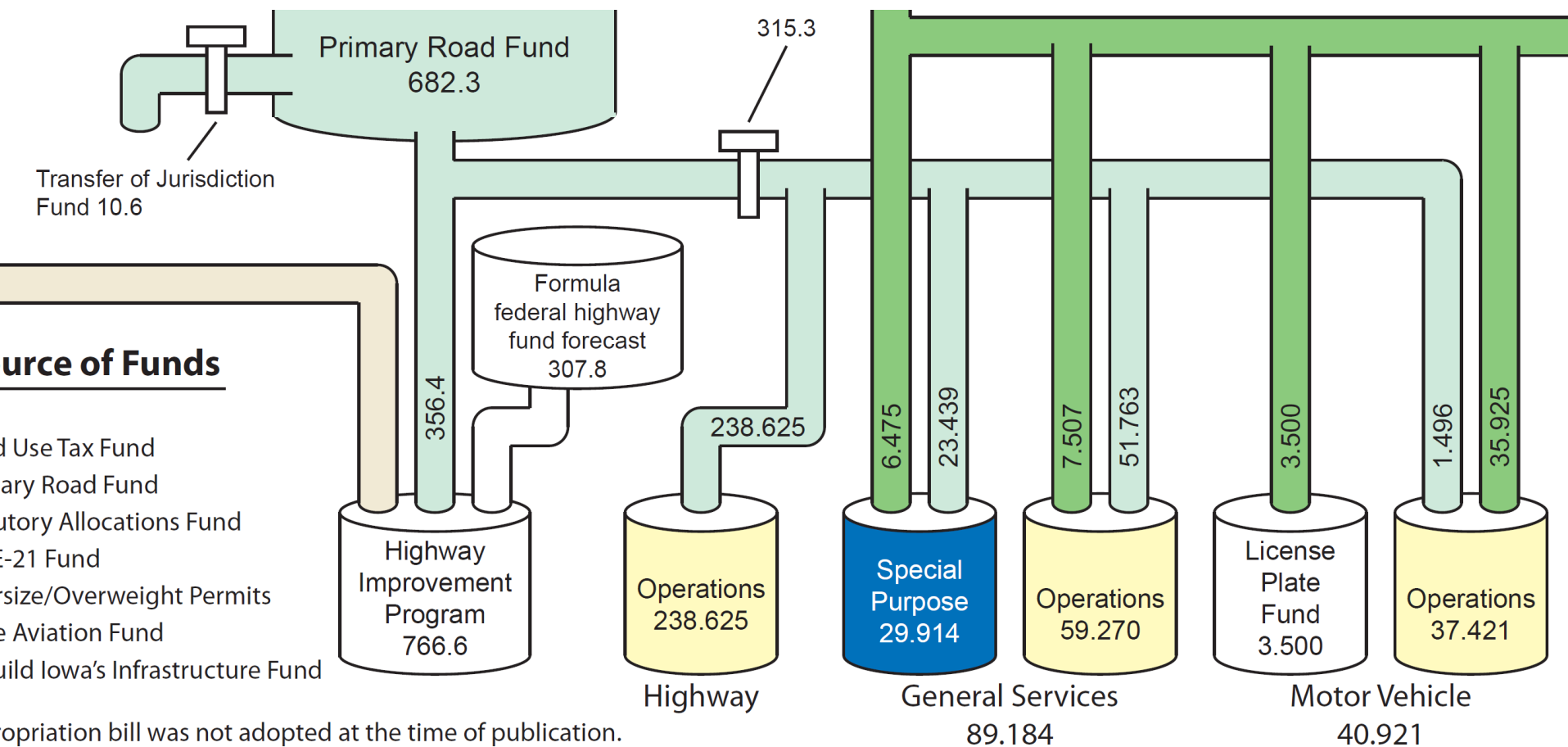
This chart does not include federal highway or transit funds transferred to local jurisdictions for local programming authority. It may not include additional sources of revenue related to prior years' allocations or as reimbursements for costs paid from previous years' income. Amounts designated for specific programs may not reflect actual amounts expended during the current fiscal year.

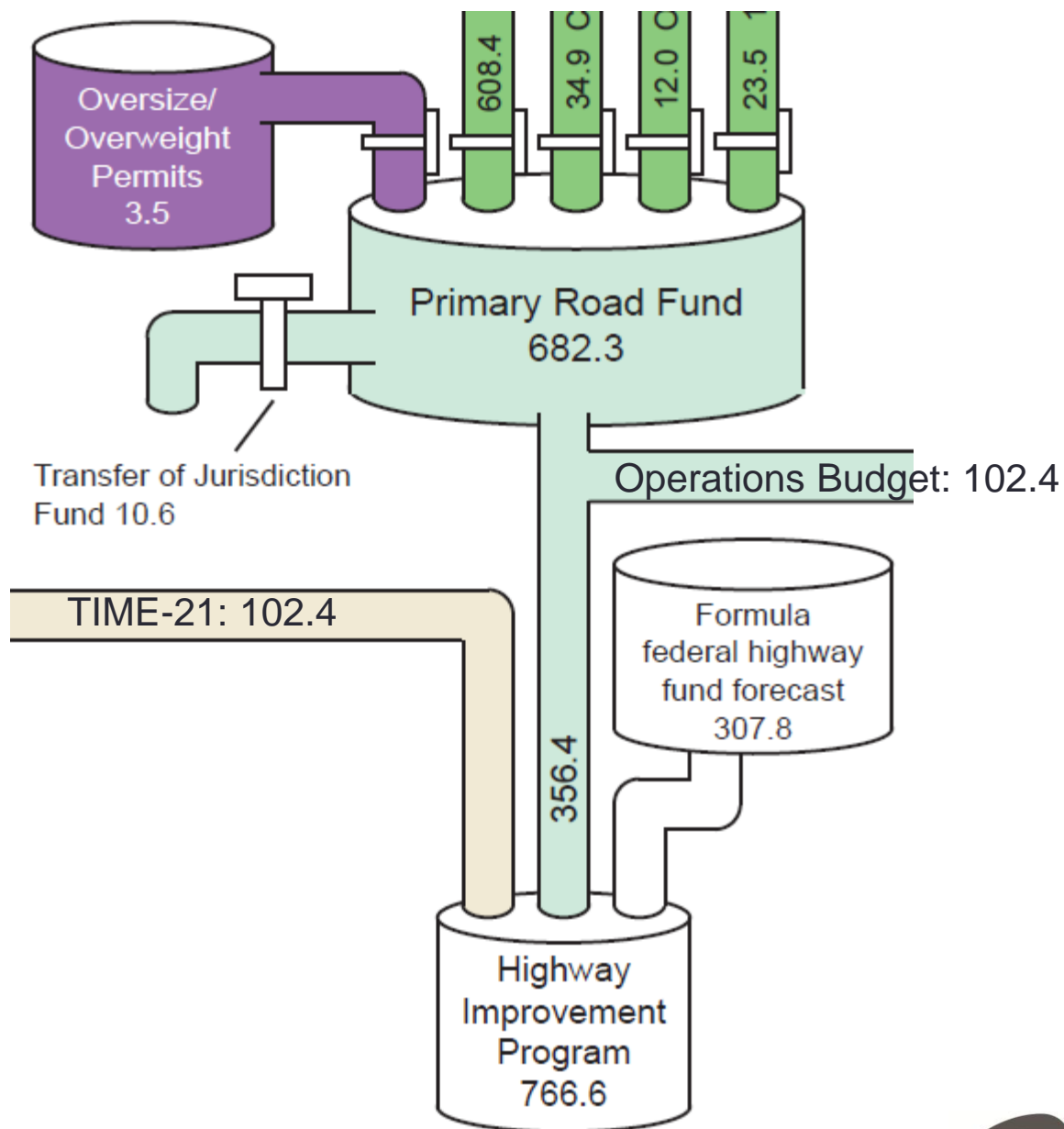




DOT Funding

- Operations Budget
 - DOT/Governor recommendation to Legislature
 - Annual legislative appropriation
 - Covers salary, support and capital (facilities, vehicles, etc.)
 - Commission has no role in the DOT budget or DOT operations
 - Balance at the end of the year goes back to the Primary Road Fund/Road Use Tax Fund for projects
- Construction Program
 - DOT support/recommendations to the Commission
 - Commission approves the program





Senate File 257: Key Provisions - Funding

- Effective March 1, 2015
 - Variable tax rate for ethanol-blended fuels extended until June 30, 2020.
 - 10 cent per gallon (cpg) fuel tax increase
 - Gasoline (21 cpg to 31 cpg)
 - Ethanol-blended gasoline (19 cpg to 29 cpg)
 - Taxable diesel fuel (22.5 cpg to 32.5 cpg)
 - Liquefied Petroleum Gas (20 cpg to 30 cpg)
 - Compressed Natural Gas (21 cpg to 31 cpg)
 - Liquefied Natural Gas (22.5 cpg to 32.5 cpg)
 - Jet fuel tax increases 2 cpg (3 cpg to 5 cpg)

Key Provisions – Funding (cont.)

- Effective July 1, 2015
 - Variable tax rate for diesel fuel established
 - Varies based on share of all diesel fuel sales that are biodiesel at 11 percent or greater blends (B-11+)
 - At less than 50 percent share:
 - B-11+: 29.5 cpg
 - All other taxable diesel: 32.5 cpg
 - Variable tax rate for gasoline and gasohol changes (UNRELATED TO SF 257)
 - Due to ethanol blended fuel market share moving above 75 percent in CY 2014.
 - Gasoline (31 cpg to 30.8 cpg)
 - Ethanol-blended gasoline (29 cpg to 29.3 cpg)

Key Provisions – Funding (cont.)

- Effective January 1, 2016
 - Increases to some oversize/overweight permit fees
 - Annual Permit (from \$25 to \$50)
 - Annual with Weight Permit (from \$300 to \$400)
 - Single-Trip Permit (from \$10 to \$35)
 - All Systems Permit (from \$120 to \$160)

Key Provisions – Other

- County road funds from the state cannot be used to service new debt if the terms exceed the useful life of the asset being improved.
- Legislative interim committee appointed to review variable tax rate formulas.
 - First review is due January 1, 2020
 - Subsequent reviews every six years
- **Intent**
 - **100 percent of additional funding goes to critical road and bridge projects.**
 - **DOT shall identify additional projects in the Program.**
 - **DOT will identify \$10 million of efficiencies for FY 2016 and another \$10 million for FY 2017 and document in RUTF Efficiency Report to the legislature.**

Revenue estimate – FY 2016

- Fuel tax increase: Approximately \$213 million
 - Deposited into the Road Use Tax Fund (RUTF)
 - DOT: 47.5 percent (\$101 million)
 - County
 - Secondary Road Fund: 24.5 percent (\$52 million)
 - Farm-to-Market Fund: 8 percent (\$17 million)
 - City: 20 percent (\$43 million)
- Oversize/overweight permit fee increase: Approximately \$1.5 million (half of a year)
 - Almost all deposited into the Primary Road Fund
 - Very small amount deposited into the RUTF
- Jet fuel tax increase: Approximately \$765,000
 - Deposited into the Aviation Trust Fund

Program Amendment

- Approved by Commission March 9, 2015
- \$33.2 million amendment
 - Increased fuel tax revenue that will accrue in FY 2015
 - Includes \$4.5 million for US 20 right-of-way that will permit accelerated development/construction of remaining four-lane construction.

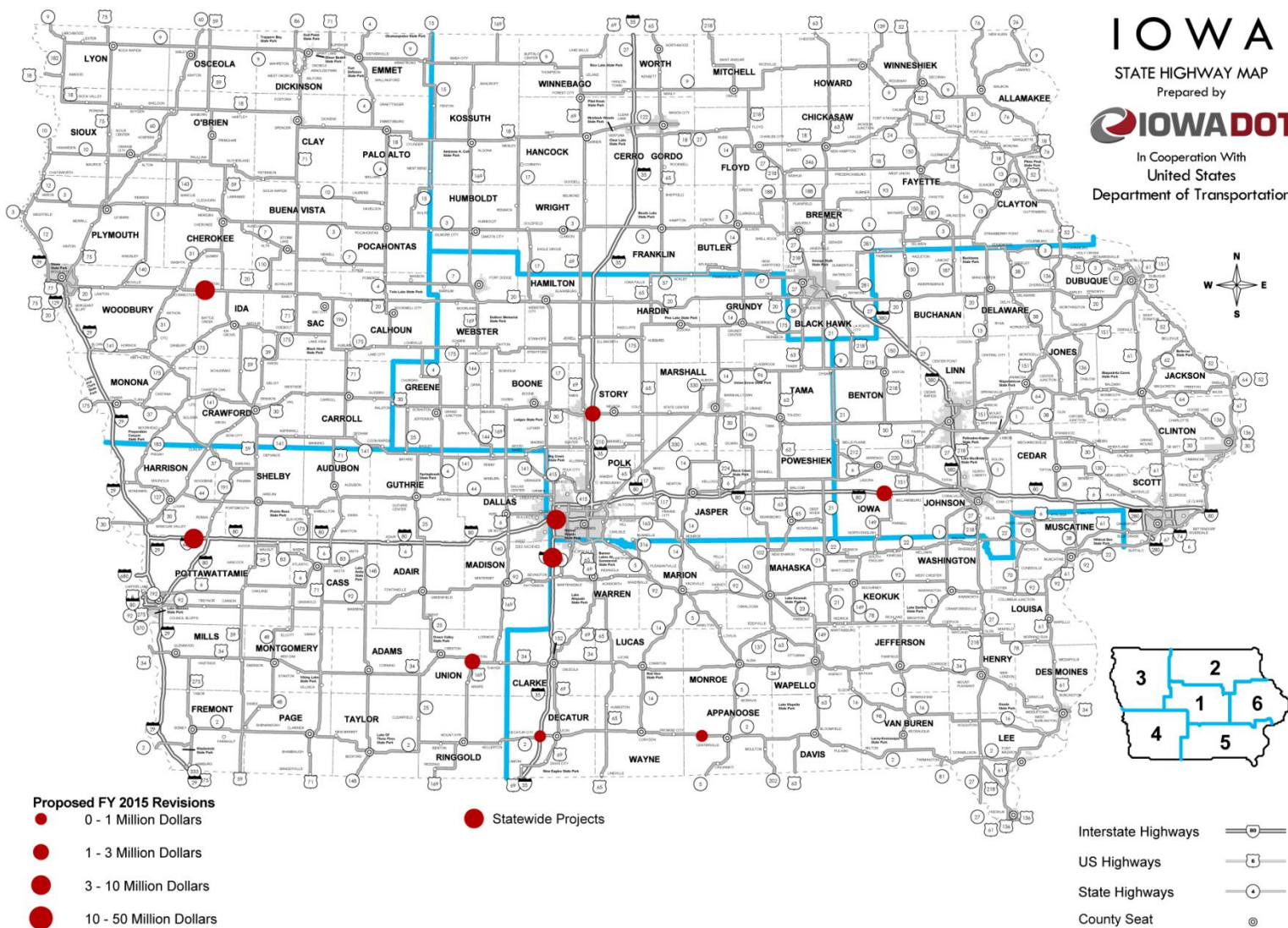
FY 2015 Iowa Highway Program Revisions

Project Estimated Costs X \$1000

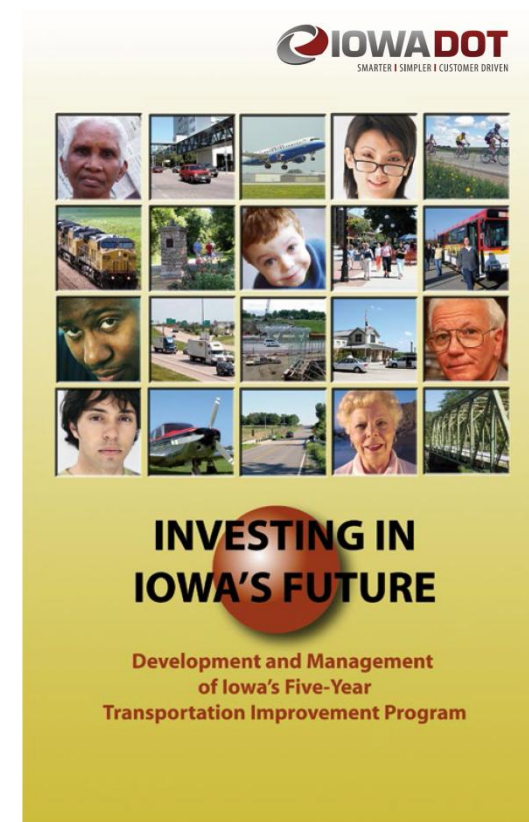
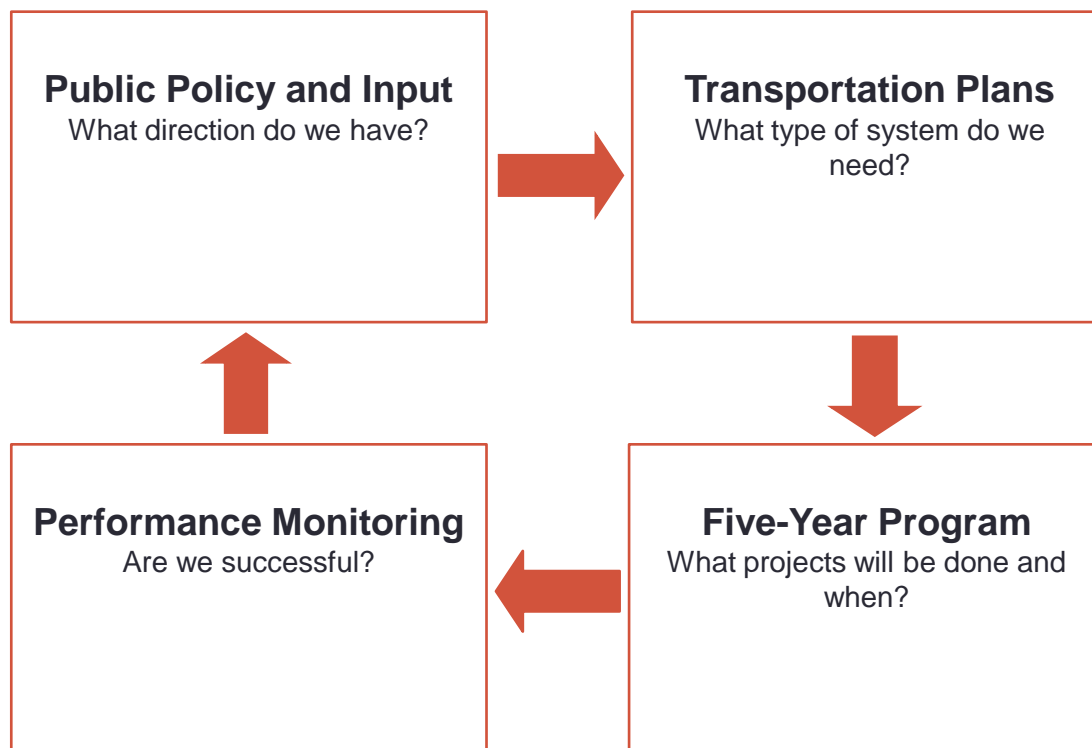
<u>County</u>	<u>Route</u>	<u>Location</u>	<u>Type of Work</u>	<u>2015</u>
<u>Interstate Stewardship</u>				
Iowa	80	Various interchange ramps	Pavement Rehab	1500
Polk	235	W I-35/80 Interchange to 28 th Street	Pavement Rehab	6000
Pottawattamie	680	Co Rd L34 to I-80 WB	Pavement Rehab	9107
Warren	35	S of Badger Creek to S of IA 92	Pavement Rehab	3360
<u>Non-Interstate Pavement Modernization</u>				
Union	169	In Afton from SCL to Filmore Street	Grade & Pave	1275
Statewide	All	Statewide	Pavement Rehab	3000
<u>Non-Interstate Bridge Modernization</u>				
Appanoose	2	IMRL RR 6.1 mi W of Centerville	Bridge Deck Overlay	704
Decatur	2	At Jct I-35	Bridge Rehab	985
<u>Safety Specific</u>				
Story	35	US 30 to Co Rd E15	Guardrail	2769
<u>Non-Interstate Capacity System Enhancement</u>				
Ida	20	Correctionville to W Jct US 59	Right of Way	4500
Totals				33,200



Proposed FY 2015 Iowa Highway Program Revisions

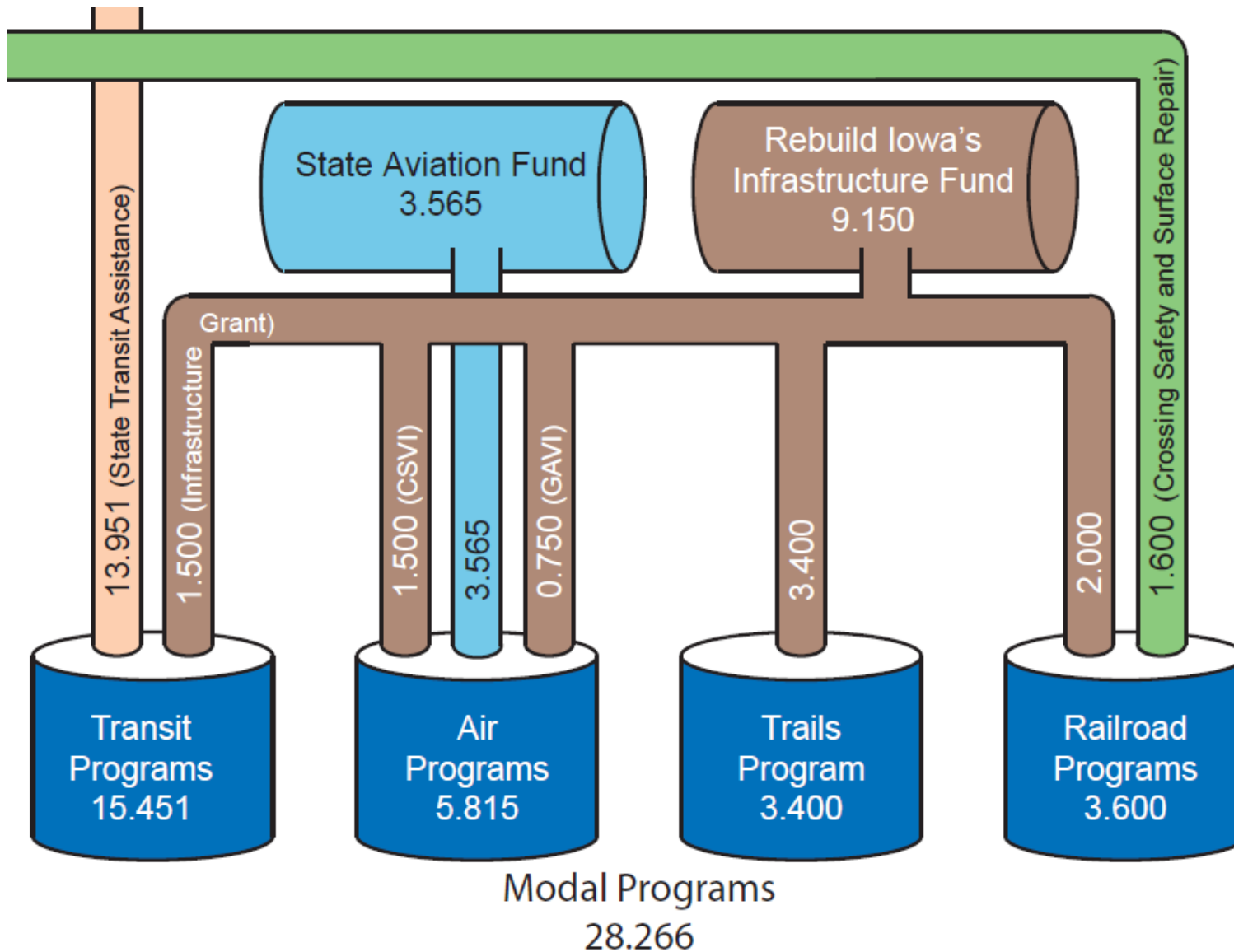


Highway Program Development Process



2016-2020 Highway Program

- Discussions with Commission began in February
- Adopted in June
- Program priorities
 - Addition of priority corridor work (four-lane construction)
 - Increase stewardship targets (Interstate, pavement, bridge, safety)
 - Addition of several “small/medium” projects
- Future corridor development
 - Interstate corridors (I-80 in central/eastern Iowa, I-35 in central Iowa, I-380 from Iowa City to Cedar Rapids)
 - Additional four-lane corridors



Railroad Revolving Loan & Grant Program (RRLGP)

- Created by legislation in 2005
- Provides loans and grants for rail related improvement projects that will benefit the State
- Funded by loan repayments & appropriations by the Iowa Legislature
- Available to businesses, cities, counties, economic development organizations and other non-profit organizations through an application program
- Three categories of projects
 - Targeted job creation
 - Rail network improvement
 - Rail port planning and development studies

Linking Iowa's Transportation Infrastructure Fund

- Requested \$5.5 million state appropriation for multimodal freight transportation.
 - Enhance economic development by improving multimodal freight transportation system
 - Flexible funding for changing demands of freight transportation system
 - Enhance ability to provide competitive transportation options for shipment of products and moving goods
 - Incentivize other modes for economic development partnership purposes



Questions?